

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	SECURITY INTEREST
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CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
1-800 CONTACTS, INC.		02/27/2004	CORPORATION: DELAWARE

RECEIVING PARTY DATA	
Name:	ZIONS FIRST NATIONAL BANK
Street Address:	One South Main Street
City:	Salt Lake City
State/Country:	UTAH
Postal Code:	84111
Entity Type:	CORPORATION: UTAH

PROPERTY NUMBERS Total: 37

Property Type	Number	Word Mark
Serial Number:	78125785	THE WORLD'S LARGEST CONTACT LENS STORE.
Serial Number:	78125775	EXACT SAME CONTACT LENSES, DELIVERED TO YOUR DOOR, FOR LESS THAN YOU'RE PAYING NOW.
Serial Number:	78223193	EVISION
Serial Number:	78223197	EVISION 2020
Registration Number:	2558233	WE DELIVER. YOU SAVE.
Registration Number:	2731114	1800 CONTACTS
Registration Number:	2675866	1800CONTACTS
Serial Number:	78192401	AQUASOFT
Serial Number:	78194265	AQUASOFT
Serial Number:	78201365	AQUASOFT
Serial Number:	78194041	CLEARYEAR
Serial Number:	78194092	CLEAR30
Serial Number:	78194091	CLEARBIFOCAL
Serial Number:	78194085	CLEARCOLOR

CH \$940.00 78125785

Serial Number:	78194071	CLEARDROPS
Serial Number:	78194045	CLEARFOCAL
Serial Number:	78192405	CLEARLAB
Serial Number:	78194534	CLEARMONTH
Serial Number:	78194054	CLEARMULTIFOCAL
Serial Number:	78193868	CLEARMULTIPURPOSE
Serial Number:	78193965	CLEARNORUB
Serial Number:	78194061	CLEARPROGRESSIVE
Serial Number:	78194047	CLEARTORIC
Serial Number:	78193838	CLEARWEAR
Serial Number:	78191122	DOCTOR'S CHOICE
Serial Number:	78193967	HYDRATHIN
Serial Number:	78194028	HYDROTHIN
Serial Number:	78299947	TRUFORM
Serial Number:	78297570	> ENVISION A BETTER VALUE.
Serial Number:	78297566	ENVISION A BETTER VALUE
Registration Number:	1974005	DIOGGI
Registration Number:	1866601	OPTINET
Registration Number:	1811683	USA LENS
Registration Number:	1462371	LENS EXPRESS
Registration Number:	2543146	SEE A BETTER WAY
Registration Number:	1765384	YOUR FIRST SOURCE FOR LENS REPLACEMENT
Registration Number:	1777455	LENS FIRST

**CORRESPONDENCE DATA**

Fax Number: (602)382-6070  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: (602) 382-6000  
Email: jplatt@swlaw.com  
Correspondent Name: John H. Platt  
Address Line 1: 400 East Van Buren  
Address Line 2: One Arizona Center  
Address Line 4: Phoenix, ARIZONA 85004

ATTORNEY DOCKET NUMBER:	16223.0020
NAME OF SUBMITTER:	John H. Platt

Total Attachments: 19

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**SECURITY AGREEMENT  
(Intellectual Property)**

This Security Agreement (Intellectual Property) (the "Agreement") is made between 1-800 CONTACTS, INC. ("Borrower"), a Delaware corporation, and Zions First National Bank ("Lender").

This Agreement is made pursuant to a Restated Loan Agreement between Lender and Borrower dated February 27, 2004 (the "Loan Agreement").

For good and valuable consideration, receipt of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Definitions. Except as otherwise provided herein, terms defined in the Loan Agreement shall have the same meanings when used herein. Terms defined in the singular shall have the same meaning when used in the plural and vice versa. Terms defined in the Uniform Commercial Code as adopted now or in the future in the State of Utah which are used herein shall have the meanings set forth in the Utah Uniform Commercial Code, except as expressly defined otherwise. As used herein, the term:

"Collateral" means the collateral described in Section 2, Grants of Security Interests.

"Copyrights" shall have the meaning set forth in Section 2, Grants of Security Interests.

"Default Rate" means the default interest rate provided in the Promissory Note.

"Domain Names" means all top level Internet domain names owned by or licensed to Borrower, now existing or created in the future, including, without limitation, the domain names listed on the Schedule of Domain Names hereto, which is incorporated herein by reference.

"Domain Names Transfer Documents" means any and all documents required to transfer ownership and control of the Domain Names from Borrower to Lender, Lender's designee, or any other transferee, including those documents attached hereto as Exhibit A.

"Intellectual Property" shall have the meaning set forth in Section 2, Grants of Security Interests.

"Licenses" shall have the meaning set forth in Section 2, Grants of Security Interests.

"Liquidation Costs" means the reasonable costs and out of pocket expenses incurred by Lender in obtaining possession of any Collateral, in storage and preparation for sale, lease or other disposition of any Collateral, in the sale, lease, or other disposition of any or all of the Collateral, and/or otherwise incurred in foreclosing on any of the Collateral, including, without limitation, (a) reasonable attorneys fees and legal expenses, (b) transportation and storage costs, (c) advertising costs, (d) sale commissions, (e) sales tax and license fees, (f) costs for improving or repairing any of the Collateral, and (g) costs for preservation and protection of any of the Collateral.

“Patents” shall have the meaning set forth in Section 2, Grants of Security Interests.

“Permitted Encumbrances” means liens for taxes and assessments not yet due and payable or, if due and payable, those being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained, security interests and liens created by the Loan Documents, and security interests and liens authorized in writing by Lender.

“Primary Domain Names” means the Domain Names identified on Exhibit B hereto, which is incorporated herein by reference, and such other Domain Names as may hereafter be designated by Lender as Primary Domain Names.

“Primary Vanity Telephone Numbers” means the Vanity Telephone Numbers 1-800-266-8228 (1-800 CONTACT), and such other Vanity Telephone Numbers as may hereafter be designated by Lender as Primary Vanity Telephone Numbers.

“Trade Secrets” shall have the meaning set forth in Section 2, Grants of Security Interests.

“Trademarks” shall have the meaning set forth in Section 2, Grants of Security Interests.

“Transfer Documents” means the Domain Names Transfer Documents and the Vanity Telephone Numbers Transfer Documents.

“Triggering Event” means the occurrence of any Event of Default that has not been cured by Borrower or agreed to, accepted by or waived in writing by Lender together with the occurrence of any of the following conditions: (a) orders and inquiries to Borrower received through the Primary Vanity Telephone Numbers and/or Borrower’s web site are not being answered by Borrower on a general basis, unless due to causes beyond the reasonable control of Borrower and provided that Borrower is taking all action reasonably possible with all reasonable dispatch to remedy such causes; (b) the web site located at the Domain Name <www.1800contacts.com> is not being maintained on a general basis, unless due to causes beyond the reasonable control of Borrower and provided that Borrower is taking all actions reasonably possible with all dispatch to remedy such causes; or (c) without the prior written consent of Lender, Borrower loses or voluntarily gives up ownership or control of any of the Primary Domain Names or Primary Vanity Telephone Numbers.

“Vanity Telephone Numbers” means all vanity telephone numbers assigned to Borrower, now existing or created in the future, including, without limitation, the vanity telephone numbers listed on the Schedule of Vanity Telephone Numbers hereto, which is incorporated herein by reference.

“Vanity Telephone Numbers Transfer Documents” means any and all documents required to transfer the Vanity Telephone Numbers to Lender, Lender’s designee, or any other transferee, including those documents attached hereto as Exhibit C.

2. Grants of Security Interests.

a. Patents. Borrower hereby grants to Lender a security interest in the patent applications and patents listed on the Schedule of Patents hereto, which is incorporated herein by reference, including, without limitation, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world, and all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof (collectively, the "Patents").

b. Trademarks. Borrower hereby grants to Lender a security interest in the trademark applications and trademarks listed on the Schedule of Trademarks hereto, which is incorporated herein by reference, including, without limitation, all renewals thereof, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, and all rights corresponding thereto throughout the world (collectively, the "Trademarks"), and the good will of the business to which each of the Trademarks relates.

c. Copyrights. Borrower hereby grants to Lender a security interest in all copyrights of Borrower and all rights and interests of every kind of Borrower in copyrights and works protectible by copyright, whether now owned or hereafter acquired or created, and all renewals and extensions thereof, including, without limitation, the copyrights listed on the attached Schedule of Copyrights, which is incorporated herein by reference, and in and to the copyrights and rights and interests of every kind or nature in and to all works based upon, incorporated in, derived from, incorporating or relating to any of the foregoing or from which any of the foregoing is derived, and all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, and all rights corresponding thereto throughout the world (collectively, the "Copyrights").

d. Trade Secrets. Borrower hereby grants to Lender a security interest in all of Borrower's trade secrets and other proprietary information, now existing or created in the future, and all proceeds thereof (collectively, the "Trade Secrets").

e. Intellectual Property. Borrower hereby grants to Lender a security interest in the Domain Names, the Vanity Telephone Numbers, and all general intangibles of Borrower, presently existing or hereafter created, including trademarks, service marks, business names, and goodwill relating thereto, copyrights (including, without limitation, copyrights for computer programs), whether or not published, unpatented inventions (whether or not patentable), patents, patent applications, all Internet domain names and addresses, license agreements relating to any of the foregoing and all royalties and other income therefrom, books, records, computer tapes, disks and drives, flow diagrams, specification sheets, source codes, object codes, and all other physical manifestations of the foregoing, the right to sue for all past, present and future infringements of the foregoing, any and all claims for damages relating thereto, all rents, profits and issues thereof, and all proceeds thereof (collectively, the "Intellectual Property").

f. Licenses. Borrower hereby grants Lender a security interest in all right, title, and interest of Borrower in, to and under any license agreements and contracts concerning the Collateral (as defined below), now existing or created in the future, all amendments, modifications, and replacements thereof, all royalties and other amounts owing thereunder, and all proceeds thereof (collectively, the "Licenses").

The Patents, Trademarks, Copyrights, Trade Secrets, Intellectual Property, and Licenses are collectively referred to herein as the "Collateral".

Borrower and Lender acknowledge their mutual intentions that the security interests contemplated herein are given as a contemporaneous exchange for new value to Borrower, regardless of when advances to Borrower are actually made or when the Collateral is acquired.

3. Debts Secured. The security interest granted by this Agreement shall secure all of Borrower's present and future debts, obligations, and liabilities of whatever nature to Lender, including, without limitation, (a) the Promissory Note of Borrower in favor of Lender dated February 27, 2004, in the original principal amount of twenty-eight million dollars (\$28,000,000.00), and all renewals, extensions, modifications and replacements thereof (including any which increase the original principal amount), (b) all obligations of Borrower arising from or relating to the Loan Documents, including, without limitation, this Agreement, (c) advances of the same kind and quality or relating to this transaction, (d) transactions in which the documents evidencing the indebtedness refer to this grant of security interest as providing security therefor, and (e) all overdrafts on any account of Borrower maintained with Lender, now existing or hereafter arising.

4. Location of Borrower and Collateral. Borrower represents and warrants that:

a. Borrower is a corporation organized under the laws of the State of Delaware.

b. The complete and exact name of Borrower is 1-800 CONTACTS, INC.

c. The organizational identification number assigned to Borrower by Borrower's state of organization is 2816007.

d. The employer identification number assigned to Borrower by the Internal Revenue Service is 87-0571643.

e. Borrower's chief executive office is located in Salt Lake County, Utah.

f. Borrower's place of business is located at 66 East Wadsworth Park Drive, Third Floor, Draper, Utah, 84020.

g. During the five (5) years preceding the date of this Security Agreement, there have not been any changes in the above locations.

Borrower agrees that it will not change its state of incorporation, any of the above locations or create any new locations for such matters without giving Lender at least thirty (30) days prior written notice thereof.

5. Representations and Warranties Concerning Collateral. Borrower represents and warrants that:

- a. Borrower is the sole owner of the Collateral.
- b. The Collateral is not subject to any license, security interest, lien, prior assignment, or other encumbrance of any nature whatsoever except for nonexclusive licenses granted in the ordinary course of business and Permitted Encumbrances.
- c. All information set forth in the Schedules attached hereto is correct, accurate, and complete.
- d. Each of the Patents is valid and enforceable. No claim has been made that the use of any of the Patents violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Patents.
- e. Each of the Trademarks is valid and enforceable. No claim has been made that the use of any of the Trademarks violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Trademarks. Borrower has used consistent standards of quality in providing services sold under the Trademarks.
- f. Each of the Copyrights is valid and enforceable. No claim has been made that any of the Copyrights violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Copyrights.
- g. Except as set forth on the attached Schedule of Patents, Schedule of Trademarks, Schedule of Copyrights, and Schedule of Intellectual Property Licenses, Borrower has no right, title, or interest in, or license to use, any patents, patent applications, unpatented inventions, trademarks, or copyrights which are material to the operation and conduct of Borrower's business as presently operated and conducted and as anticipated to be operated and conducted.

6. Covenants Concerning Collateral. Borrower covenants that:

- a. Borrower will keep the Collateral free and clear of any and all security interests, liens, assignments or other encumbrances and licenses, except licenses granted in the ordinary course of business, transfer of intellectual property assets related to manufacturing processes and materials to Subsidiaries, and Permitted Encumbrances.
- b. Borrower hereby authorizes Lender to file financing statements concerning the Collateral. Borrower will execute and deliver any documents (properly endorsed, if necessary) reasonably requested by Lender for perfection or enforcement of any security interest or lien, and to give good faith, diligent cooperation to Lender, and to perform such other



acts reasonably requested by Lender for perfection and enforcement of any security interest or lien in the Collateral. Lender is authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder.

c. Borrower shall promptly advise Lender of (a) any material change in the composition of the Collateral, including, without limitation, the development of any new collateral or any modification to the Collateral or (b) any material claim concerning the Collateral, including without limitation, any claim of infringement, any claim challenging the validity or enforceability of any Collateral, and any other event which may have a material, adverse effect upon any of the Collateral and/or the rights and remedies of Lender concerning the Collateral.

d. Borrower shall promptly apply for a patent for all new inventions which are patentable with the United States Patent and Trademark Office and promptly advise Lender of the filing of the application for such patent. Borrower shall use proper statutory notice in connection with all uses of the Patents.

e. Borrower shall promptly register all new trademarks which are eligible for registration with the United States Patent and Trademark Office and promptly advise Lender of the filing of the application for such registration. Borrower shall use proper statutory notice in connection with all uses of the Trademarks. Borrower shall use consistent standards of quality in providing services sold under the Trademarks.

f. Borrower shall promptly register all new copyrights with the United States Copyright Office and promptly advise Lender of the filing of the registration. Borrower shall use proper statutory notice in connection with all uses of the Copyrights.

g. Borrower will at all times comply with and timely and properly perform all of its obligations and duties under any Licenses. Borrower will not terminate, modify or amend any Licenses without giving Lender thirty (30) days prior written notice. Borrower will promptly notify Lender of any default or event which, with the passage of time or the giving of notice or both, would constitute a default under any Licenses.

7. Patent Provisions. So long as any obligations secured by this Agreement are outstanding and unpaid, if Borrower shall obtain any rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patents or any improvement on any Patent, this Agreement shall automatically apply thereto and Borrower shall give Lender prompt notice thereof in writing.

Borrower hereby authorizes Lender to modify this Agreement by amending the Schedule of Patents to include any future patents and patent applications of Borrower.

Borrower shall prosecute diligently any patent applications currently pending or hereafter filed, make application on unpatented but patentable inventions, and preserve and maintain all rights in patent applications and patents, including, without limitation, payment of all maintenance fees. Any expenses incurred in connection with such actions shall be paid by

**Borrower.** Borrower shall not abandon any right to file a patent application, any pending patent application, or any patent without the written consent of Lender.

So long as no Event of Default has occurred, Borrower shall have the right to bring suit in its own name, and to join Lender, if necessary, as a party to such suit so long as Lender is satisfied that such joinder will not subject Lender to any risk of liability, to enforce the Patents and any licenses thereunder. Borrower shall promptly, upon demand, reimburse and indemnify Lender for all damages, costs and expenses, including legal fees, incurred by Lender pursuant to this Section 7.

8. Trademark Provisions. Borrower hereby grants Lender and its representatives the right to visit Borrower's offices, plants, and facilities to inspect products, materials, and quality control records relating to the Trademarks at reasonable times during regular business hours. Borrower shall do any and all acts reasonably requested by Lender to insure consistent standards of quality in providing services sold under the Trademarks.

Borrower authorizes Lender to modify this Agreement by amending the Schedule of Trademarks to include any future trademarks and trademark applications of Borrower.

Borrower shall have the duty to prosecute diligently any trademark applications currently pending or hereafter filed, make federal application on unregistered but registerable Trademarks, file and prosecute opposition and cancellation proceedings, and do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks, including, without limitation, filing declarations and renewals of registrations. Any expenses incurred in connection with such actions shall be paid by Borrower. Borrower shall not abandon any Trademark without the written consent of Lender.

So long as no Event of Default has occurred, Borrower shall have the right to bring any opposition proceedings, cancellation proceedings, or lawsuit in its own name to protect or enforce the Trademarks, and to join Lender, if necessary, as a party to such suit so long as Lender is satisfied that such joinder will not subject Lender to any risk of liability. Borrower shall promptly, upon demand, reimburse and indemnify Lender for all damages, costs and expenses, including legal fees, incurred by Lender pursuant to this Section 8.

9. Domain Names and Vanity Telephone Numbers Provisions.

a. By no later than June 3, 2004, Borrower shall provide evidence to Lender that the expiration of the registration with ICANN of each of the Primary Domain Names has been extended to a date after the maturity of the Promissory Note. In the event of any extension of the maturity or any renewal of the Promissory Note which results in the new maturity of the Promissory Note falling after the expiration of such registration, Borrower shall extend the expiration of the registration with ICANN of each of the Primary Domain Names to a date after the new maturity of the Promissory Note and shall provide evidence of each such extension to Lender within thirty (30) days of the extension or renewal.

b. Borrower shall provide to Lender copies of any invoices and statements for the Primary Vanity Telephone Numbers quarterly or more frequently if requested by Lender.

The providing of such invoices and statements shall be for information purposes only and Lender shall not have any liability or responsibility for payment.

c. Upon occurrence of a Triggering Event, Lender may immediately transfer ownership and control of any or all of the Primary Domain Names and the Primary Vanity Telephone Numbers to Lender or Lender's designee as custodian for safekeeping, pending foreclosure and liquidation of the Collateral.

d. Upon execution and delivery of this Agreement, Borrower shall execute and deliver to Lender undated Transfer Documents for the Primary Domain Names and the Primary Vanity Telephone Numbers. Such Transfer Documents shall be held by Lender and not delivered to any person or entity except upon occurrence of a Triggering Event, in which case Lender may execute and date the Transfer Documents, complete any blanks in the Transfer Documents, and deliver the Transfer Documents to the appropriate persons to cause the Primary Domain Names and Primary Vanity Telephone Numbers to be transferred to Lender, Lender's designee, or any other transferee.

Upon payment in full of the Promissory Note and all other amounts owing pursuant to or in connection with the Loan Agreement, and provided the Transfer Documents held by Lender have not been previously delivered as provided herein, the Transfer Documents shall thereupon be delivered to Borrower and voided.

e. Borrower does hereby make, constitute and appoint Lender and its designees as Borrower's true and lawful attorney in fact, with full power of substitution, such power to be exercised in the following manner only upon the occurrence of a Triggering Event: (1) Lender may complete, execute on behalf of Borrower, and deliver any and all Transfer Documents; (2) Lender may do any and all things necessary or proper to preserve, protect and maintain in force and operation the Domain Names and Vanity Telephone Numbers; and (3) Lender may do any and all things necessary or proper to transfer the Domain names and Vanity Telephone Numbers.

f. Borrower agrees to promptly take any and all actions, including execution and delivery of Transfer Documents, reasonably requested by Lender to preserve, protect and maintain in force and operation the Domain Names and Vanity Telephone Numbers and, upon occurrence of a Triggering Event, to facilitate transfer of the Domain Names and Vanity Telephone Numbers.

g. Notwithstanding the foregoing, Borrower may terminate or abandon any of the Domain Names or Vanity Telephone Numbers, except for the Primary Domain Names and the Primary Vanity Telephone Numbers, in the ordinary course of business as determined appropriate by Borrower.

10. Right to Perform for Borrower. Lender may, in its sole discretion and without any duty to do so, elect to discharge taxes, tax liens, security interests, or any other encumbrance upon the Collateral, perform any duty or obligation of Borrower, pay filing, recording, insurance and other charges payable by Borrower, or provide insurance as provided herein if Borrower fails to do so. Any such payments advanced by Lender shall be repaid by Borrower upon

demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the Default Rate.

Borrower hereby authorizes and empowers Lender to make, constitute and appoint Lender or any officer or agent of Lender as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for Lender to use, preserve, or protect the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third person, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any third person, provided, however, that such power may not be exercised prior to the occurrence of an Event of Default or, with respect to the Vanity Telephone Numbers and the Domain Names, prior to occurrence of a Triggering Event. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable so long as any obligations secured hereby are outstanding and unpaid.

11. Default. Time is of the essence of this Agreement. The occurrence of any Event of Default shall constitute a default under this Agreement.

No course of dealing or any delay or failure to assert any default shall constitute a waiver of that default or of any prior or subsequent default.

12. Remedies. Upon the occurrence of any Event of Default, Lender shall have the following rights and remedies, in addition to all other rights and remedies existing at law, in equity, or by statute or provided in the Loan Documents:

a. Lender shall have all the rights and remedies available under the Uniform Commercial Code;

b. Lender shall have the right to enter upon any premises where the Collateral or records relating thereto may be and take possession of the Collateral and such records;

c. Upon request of Lender, Borrower shall, at the expense of Borrower, assemble the Collateral and records relating thereto at a place designated by Lender and tender the Collateral and such records to Lender;

d. Lender may elect to assume all right, title and interest of Borrower under any Licenses.

e. Upon occurrence of a Triggering Event, Lender may immediately transfer ownership and control of any or all of the Domain Names and Vanity Telephone Numbers to Lender, Lender's designee, or any other transferee as custodian for safekeeping or to a purchaser in connection with foreclosure and liquidation of any or all of the Collateral.

f. Without notice to Borrower, Lender may obtain the appointment of a receiver of the business, property and assets of Borrower and Borrower hereby consents to the appointment of Lender or such person as Lender may designate as such receiver; and

g. Lender may sell, lease or otherwise dispose of any or all of the Collateral and, after deducting the Liquidation Costs, apply the remainder to pay, or to hold as a reserve against, the obligations secured by this Agreement.

Borrower acknowledges and agrees that any failure to promptly transfer ownership and control of the Domain Names and Vanity Telephone Numbers as provided in this Agreement will, inter alia, result in irreparable harm and damage to Lender. Therefore, Borrower agrees to the entry of pre-arbitration award or pre-judgment and post-arbitration award or post-judgment injunctive relief compelling transfer of the ownership and control of the Domain Names and Vanity Telephone Numbers as provided herein, in addition to any and all other damages and remedies at law or in equity to which Lender may be entitled.

Borrower shall be liable for all deficiencies owing on any obligations secured by this Agreement after liquidation of the Collateral. Lender shall not have any obligation to prepare any Collateral for sale, lease or other disposition.

The rights and remedies herein conferred are cumulative and not exclusive of any other rights and remedies and shall be in addition to every other right, power and remedy herein specifically granted or hereafter existing at law, in equity, or by statute which Lender might otherwise have, and any and all such rights and remedies may be exercised from time to time and as often and in such order as Lender may deem expedient. No delay or omission in the exercise of any such right, power or remedy or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver thereof or of any default or to be an acquiescence therein.

Upon occurrence of any Event of Default, Borrower agrees to pay all costs and expenses, including reasonable attorneys fees and legal expenses, incurred by or on behalf of Lender in enforcing, or exercising any remedies under, this Agreement, and any other rights and remedies. Additionally, Borrower agrees to pay all Liquidation Costs. Any and all such costs, expenses, and Liquidation Costs shall be payable by Borrower upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the Default Rate.

Regardless of any Event of Default, Borrower agrees to pay all expenses, including reasonable attorneys fees and legal expenses, incurred by Lender in any bankruptcy proceedings of any type involving Borrower, the Collateral, or this Agreement, including, without limitation, expenses incurred in modifying or lifting the automatic stay, determining adequate protection, use of cash collateral, or relating to any plan of reorganization.

13. Obligations of Lender on Licenses. This Agreement shall not create or impose any obligation or liability on Lender to perform any duty or obligation or pay any liability of Borrower under any Licenses. Lender shall be obligated and liable on any Licenses only if Lender elects to exercise its remedy of assuming all right, title and interest of Borrower under the applicable Licenses or purchases the right, title and interest of Borrower under the applicable Licenses upon foreclosure sale pursuant to this Agreement.

14. Notices. All notices or demands by any party hereto shall be in writing and shall be sent as provided in the Loan Agreement.

15. Indemnification. Borrower shall indemnify Lender for any and all claims and liabilities, and for damages which may be awarded to or incurred by Lender and for all reasonable attorneys fees, legal expenses, and other out-of-pocket expenses incurred in defending such claims, arising from or related in any manner to the negotiation, execution, or performance by Lender of this Agreement, but excluding any claims and liabilities based upon breach or default by Lender under this Agreement or upon the gross negligence or willful misconduct of Lender.

Lender shall have the sole and complete control of the defense of any such claims. Lender is hereby authorized to settle or otherwise compromise any such claims as Lender in good faith determines shall be in its best interests.

16. General. This Agreement is made for the sole and exclusive benefit of Borrower and Lender and is not intended to benefit any third party. No such third party may claim any right or benefit or seek to enforce any term or provision of this Agreement.

In recognition of Lender's right to have all its attorneys fees and expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of the obligations secured by the Collateral, Lender shall not be required to release, reconvey, or terminate any security interest in the Collateral unless and until Borrower has executed and delivered to Lender general releases in the form attached to the Loan Agreement.

Except for Lender's acts of gross negligence or willful misconduct, Lender and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to Borrower for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with or relating to this Agreement or the Collateral.

If the incurring of any debt by Borrower or the payment of any money or transfer of property to Lender by or on behalf of Borrower or any Guarantor should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Lender is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Lender's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of Borrower and this Agreement shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

All references in this Agreement to the singular shall be deemed to include the plural if the context so requires and vice versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

All agreements, representations, warranties and covenants made by Borrower shall survive the execution and delivery of this Agreement, the filing and consummation of any bankruptcy proceedings, and shall continue in effect so long as any obligation to Lender contemplated by this Agreement is outstanding and unpaid, notwithstanding any termination of this Agreement. All agreements, representations, warranties and covenants in this Agreement shall bind the party making the same and its heirs and successors, and shall be to the benefit of and be enforceable by each party for whom made and their respective heirs, successors and assigns.

This Agreement, together with the Loan Documents, constitute the entire agreement between Borrower and Lender as to the subject matter hereof and may not be altered or amended except by written agreement signed by Borrower and Lender. All other prior and contemporaneous agreements, arrangements, and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

Dated as of February 27, 2004.

Zions First National Bank

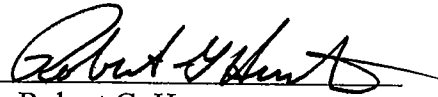
1-800 CONTACTS, INC.

By:



Jim C. Stanchfield  
Vice President

By:



Robert G. Hunter  
Vice President of Finance and  
Treasurer

**CERTIFICATE OF ACKNOWLEDGMENT**

STATE OF UTAH )

: ss.

COUNTY OF SALT LAKE )

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this \_\_\_\_ day of May 13, 2004, personally appeared Robert G. Hunter to me known personally, and who, being by me duly sworn, deposes and says that he is the Vice President of Finance and Treasurer of 1-800 CONTACTS, INC., the Borrower in the foregoing Security Agreement, and that said instrument was signed and sealed on behalf of said Borrower, and said Robert G. Hunter acknowledged said instrument to be the free act and deed of said Borrower.

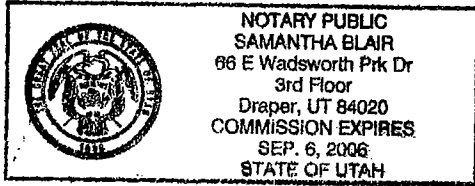
Samantha Blair

NOTARY PUBLIC

Residing at: Draper, UT

My Commission Expires:

09/06





## SCHEDULE OF PATENTS

Patent Description	Docket No.	Country	Application No.	Filing Date	Status
CONTACT LENS PACKAGE AND STORAGE CASE, AND SYSTEM AND METHOD OF MAKING AND USING	11762-6	United States	60/410,773	September 13, 2002	Pending

## SCHEDULE OF TRADEMARKS

Trademark Description	Country	Serial No.	Registration No.	Status
THE WORLD'S LARGEST CONTACT LENS STORE.	United States	78/125785		Valid
EXACT SAME CONTACT LENSES, DELIVERED TO YOUR DOOR, FOR LESS THAN YOU'RE PAYING NOW.	United States	78/125775	2,693,498	Valid
EVISION	United States	78/223193		Valid
EVISION 2020	United States	78/223197		Valid
WE DELIVER. YOU SAVE.	United States	76/118573	2,558,233	Valid
1800 CONTACTS	United States	76/138625	2,731,114	Valid
1800CONTACTS	United States	75/746706	2,675,866	Valid
AQUASOFT	United States	78/192401		Valid
AQUASOFT	United States	78/194265		Valid
AQUASOFT	United States	78/201365		Valid
CLEAR	United States	78/194077		Invalid
CLEARWEEK	United States	78/194034		Invalid
CLEARYEAR	United States	78/194041		Valid
CLEAR30	United States	78/194092		Valid
CLEARAGAIN	United States	78/194021		Invalid
CLEARBIFOCAL	United States	78/194091		Valid
CLEARCOLOR	United States	78/194085		Valid
CLEARDAY	United States	78/194037		Invalid
CLEARDROPS	United States	78/194071		Valid
CLEARFOCAL	United States	78/194045		Valid
CLEARLAB	United States	78/192405		Valid
CLEARMONTH	United States	78/194534		Valid
CLEARMULTIFOCAL	United States	78/194054		Valid
CLEARMULTIPURPOSE	United States	78/193868		Valid
CLEARNORUB	United States	78/193965		Valid
CLEARPROGRESSIVE	United States	78/194061		Valid
CLEARSaline	United States	78/193908		Invalid
CLEARTORIC	United States	78/194047		Valid
CLEARWEAR	United States	78/193838		Valid
DOCTOR'S CHOICE	United States	78/191122		Valid
HYDRATHIN	United States	78/193967		Valid
HYDROTHIN	United States	78/194028		Valid
THE CHOICE IS CLEAR	United States	78/193870		Invalid
TRUFORM	United States	78/299947		Valid
ENVISION A BETTER VALUE	United States	78/297570		Valid
ENVISION A BETTER VALUE	United States	78/297566		Valid
EVISION	United States	78/111713		Invalid
EVISION 2020	United States	78/111708		Invalid
HYDROTHIN	United States	78/092379		Invalid
HYDRATHIN	United States	78/092375		Invalid
EVISION 2020	United States	78/031057		Invalid
EVISION	United States	78/031055		Invalid
EVISION 2020	United States	78/029378		Invalid
EVISION	United States	78/029377		Invalid
DIOGGI	United States	74/467190	1,974,005	Valid

Trademark Description	Country	Serial No.	Registration No.	Status
OPTINET	United States	74/382727	1,866,601	Valid
USA LENS	United States	74/222633	1,811,683	Valid
LENS EXPRESS	United States	73/643519	1,462,371	Valid
SEE A BETTER WAY.	United States	78/080144	2,543,146	Valid
YOUR FIRST SOURCE FOR LENS REPLACEMENT	United States	74/192807	1,765,384	
LENS FIRST	United States	74/190427	1,777,455	
1-800 CONTACTS DEVICE	Australia	937578		Valid
1-800 CONTACTS WORD	Australia	937784		Valid
CLEARLAB	Australia	937709	93770	Valid
EXACT SAME CONTACT LENSES DELIVERED TO YOUR DOOR FOR LESS THAN YOU'RE PAYING NOW	Australia	955257		Valid
THE WORLD'S LARGEST CONTACT LENS STORE	Australia	955259		Valid
WE DELIVER. YOU SAVE.	Australia	955258		Valid
TRUFORM	Australia	971051		Valid
AQUASOFT	Australia	977087		Valid
1-800 CONTACTS DEVICE	Canada	1158029		Valid
1-800 CONTACTS WORD	Canada	1158028		Valid
CLEARLAB	Canada	1156592		Valid
WE DELIVER. YOU SAVE.	Canada	1183931		Valid
EXACT SAME CONTACT LENSES DELIVERED TO YOUR DOOR FOR LESS THAN YOU'RE PAYING NOW.	Canada	1181292		Valid
THE WORLD'S LARGEST CONTACT LENS STORE.	Canada	1184695		Valid
TRUFORM	Canada	1190867		Valid
TRUFORM	China	3798337		Valid
CLEAR VISION PRIVATE LIMITED COMPANY (CHINESE CHARACTERS)	China	3798638		Valid
CLEAR VISION PRIVATE LIMITED COMPANY (CHINESE CHARACTERS)	China	3798637		Valid
CLEAR VISION PRIVATE LIMITED COMPANY (CHINESE CHARACTERS)	China	3798656		Valid
1-800 CONTACTS DEVICE	European Union	290887		Valid
1-800 CONTACTS WORD	European Union	2907665		Valid
CLEARLAB	European Union	2908085		Valid
AQUASOFT	European Union	3092871		Valid
WE DELIVER. YOU SAVE.	European Union	3214355		Valid

Trademark Description	Country	Serial No.	Registration No.	Status
EXACT SAME CONTACT LENSES, DELIVERED TO YOUR DOOR FOR LESS THAN YOU'RE PAYING NOW.	European Union	3214202		Valid
(1-800 LOGO) THE WORLD'S LARGEST CONTACT LENS STORE	European Union	3316015		Valid
TRUFORM	European Union	3363058		Valid
CLEARDAY	European Union	2823458		Valid
CLEARTORIC	European Union	2823466		Valid
CLEARFOCAL	European Union	2823474		Valid
CLEAR30	European Union	2823482		Valid
CLEARCOLOR	European Union	2823490		Valid
CLEAR	European Union	2823508		Valid
CLEARWEAR	European Union	2823516		Valid
CLEARPROGRESSIVE	European Union	2823524		Valid
CLEARMULTIFOCAL	European Union	2823532		Valid
CLEARBIFOCAL	European Union	2823540		Valid
CLEARYEAR	European Union	3052032		Valid
CLEARNORUB	European Union	3052041		Valid
CLEARMULTIPURPOSE	European Union	3052073		Valid
CLEARLINE	European Union	3052057		Valid
CLEARWEEK	European Union	3052016		Valid
CLEARMONTH	European Union	3052024		Valid
TRUFORM	Hong Kong	300105001		Valid
1-800 CONTACTS DEVICE	Japan	2003-013566		Valid
1-800 CONTACTS WORD	Japan	2003-013565		Valid
CLEARLAB	Japan	2003-013567	4,715,194	Valid
WE DELIVER. YOU SAVE.	Japan			Valid

Trademark Description	Country	Serial No.	Registration No.	Status
EXACT SAME CONTACT LENSES DELIVERED TO YOUR DOOR FOR LESS THAN YOU'RE PAYING NOW.	Japan			Valid
THE WORLD'S LARGEST CONTACT LENS STORE	Japan			Valid
AQUASOFT	Japan	2003-063367		Valid
TRUFORM	Japan	2003-082330		Valid
CLEARLAB	Singapore	T02/15200G		Valid
CLEARLAB	Singapore	T02/15201E	T02/15201E	Valid
CLEARLAB	Singapore	T02/15203A	T02/15203A	Valid
(1800 DEVICE) WE DELIVER. YOU SAVE.	Singapore	T03/14837B		Valid
(1800 DEVICE) EXACT SAME CONTACT LENSES DELIVERED TO YOUR DOOR FOR LESS THAN YOU'RE PAYING NOW.	Singapore	T03/14838J		Valid
(1800 DEVICE) THE WORLD'S LARGEST CONTACT LENS STORE	Singapore	T03/14839I		Valid
TRUFORM	Singapore	T03/16616H		Valid
TRUFORM	South Korea	41-2003-22326		Valid

## SCHEDULE OF COPYRIGHTS

Registered Copyrights:

<u>Copyright Description</u>	<u>Registration Number</u>	<u>Date of Registration</u>
1-800 CONTACTS TESTIMONIAL	PA-1-059-043	November 23, 2001
1-800 CONTACTS SPINNING	PA-1-059-044	November 23, 2001
1-800 CONTACTS TESTIMONIAL AND SPINNING	PA-1-062-195	November 23, 2001
SOURCE CODE OF 1-800 CONTACTS WEB SITE	TX-5-586-244	August 6, 2002
1800CONTACTS WEBSITE	VA-1-032-662	October 2, 2000
1-800 CONTACTS, INC. WEBSITE	VA-1-116-652	March 13, 2000
1-800 CONTACTS WEBSITE	VA 1-211-396	February 21, 2003
WATER PICTURE	VAu-579-604	March 19, 2003

Pending Copyright Applications:

<u>Copyright Description</u>	<u>Application No.</u>	<u>Date of Filing</u>	<u>Date of Creation</u>	<u>First Date of Public Distribution</u>
None				

Unregistered Copyrights for which no application is pending:

<u>Copyright Description</u>	<u>Date of Creation</u>	<u>First Date of Public Distribution</u>
None		